



## FISCAL MEMORANDUM

### HB 355 - SB 365

April 18, 2023

**SUMMARY OF BILL AS AMENDED (004261, 007848):** Requires a health benefit plan that provides coverage for a screening mammogram to provide coverage for diagnostic imaging and supplemental breast screening without imposing a cost sharing requirement on the patient. Establishes that such requirement applies to a high deductible health benefit plan with a health savings account only after the plan enrollee has satisfied the required minimum deductible, except with respect to items or services that are deemed preventive care. Takes effect 90 days after becoming a law.

### FISCAL IMPACT OF BILL AS AMENDED:

**Increase State Expenditures - \$435,100/FY23-24 and Subsequent Years**

**Increase Federal Expenditures - \$43,700/FY23-24 and Subsequent Years**

**Increase Local Expenditures - \$76,800/FY23-24 and Subsequent Years\***

**Potential Impact on Health Insurance Premiums (required by Tenn. Code Ann. § 3-2-111):** Such legislation will result in an increase in the cost of health insurance premiums to cover the additional costs of the required procedures. It is estimated that the increase to each individual's total premium will be less than one percent.

Assumptions for the bill as amended:

- The Division of TennCare does not impose any cost-sharing requirements on TennCare enrollees related to diagnostic imaging and supplemental breast screening; therefore, no impact on the division.
- The state group insurance plan (SGIP) has three different health plans enrollees may choose from, the Premier PPO, the Standard PPO, and the Consumer Driven Health Plan with a Health Savings Account (CDHP/HSA). The proposed legislation is assumed to not apply to the CDHP/HSA plan enrollees.
- Based on information provided by the Division of Benefits Administration on claims data between 2019-2021, the SGIP covered an average of 28,959 claims per year for diagnostic MRIs, breast ultrasounds, and breast MRIs. This number is assumed to remain consistent.

- Of the average 28,959 claims, an average of 1,305 are within the CDHP plan. The proposed legislation will not apply to these claims; therefore, it is assumed there will be an average of 27,654 claims the SGIP will be responsible for approximately \$30.84 per claim for a total of \$852,849 (27,654 x \$30.84).
- It is estimated that 48 percent of members are on the State Employee Plan, 43 percent are on the Local Education Plan and 9 percent are on the Local Government Plan.
- The state contributes 80 percent of member premiums resulting in a recurring increase in state expenditures of \$327,494 ( $\$852,849 \times 48.0\% \times 80.0\%$ ).
- Some state plan members' insurance premiums are funded through federal dollars. It is estimated 13.33 percent of the state share of the state plan is funded with federal dollars, resulting in an increase in federal expenditures of \$43,655 ( $\$327,494 \times 13.33\%$ ).
- The state contributes 45 percent of instructional member premiums (75 percent of Local Education Plan members) and 30 percent of support staff member premiums (25 percent of Local Education Plan members) resulting in state expenditures of \$151,274 [ $(\$852,849 \times 43.0\% \times 75.0\% \times 45.0\%) + (\$852,849 \times 43.0\% \times 25.0\% \times 30.0\%)$ ].
- The state does not contribute to the Local Government Plan. It is estimated the Local Government Plan would be responsible for a mandatory increase in local expenditures estimated to be \$76,756 ( $\$852,849 \times 9.0\%$ ).
- The total increase in state expenditures is estimated to be \$435,113 ( $\$327,494 - \$43,655 + \$151,274$ ) in FY23-24 and subsequent years.
- The total increase in federal expenditures is estimated to be \$43,655 in FY23-24 and subsequent years.
- The total mandatory increase in local expenditures is estimated to be \$76,756 in FY23-24 and subsequent years.
- Potential Impact on Health Insurance Premiums (required by Tenn. Code Ann. § 3-2-111): Such legislation will result in an increase in the cost of health insurance premiums to cover the patient's share of the cost of procedures and treatments covered by plans. It is estimated that the increase to each individual's total premium will be less than one percent.

## **IMPACT TO COMMERCE OF BILL AS AMENDED:**

### **NOT SIGNIFICANT**

Assumptions for the bill as amended:

- The proposed legislation just removes the cost-sharing requirement on procedures that are already covered by insurance; therefore, there is not estimated to be an increase in business revenue to health providers. Any increase in expenditures for private sector insurance providers will be offset by an increase in overall premiums; net impact is estimated to be not significant.
- Any impact to jobs in Tennessee is estimated to be not significant.

*\*Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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